



FOR IMMEDIATE RELEASE

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JUNE 2018 STATE REVENUES EXPERIENCE MODERATE GROWTH

NASHVILLE, Tenn. – Department of Finance and Administration Commissioner Larry Martin today announced that Tennessee tax revenue exceeded budgeted estimates for the month of June. Overall, June revenues totaled \$1.4 billion, which is \$31.4 million more than the state collected in June of 2017, and \$31.3 million more than the budgeted estimate for the month.

"June reported revenues recorded positive gains compared to the budgeted estimate and were driven primarily by sales, corporate tax receipts, and privilege tax revenues," Martin said. "Sales tax receipts reflected strong growth compared to this time last year and were slightly more than the month's estimate. Franchise and excise taxes were less than last year's reported totals, but were in excess of the budgeted estimate for the month. All other tax revenues, taken as a group, were more than the June estimates.

"On a year-to-date basis, total reported revenues are now 2.68 percent more than the budgeted estimate and 2.30 percent more than the revised estimate set by the funding board in November 2017. The state is expected to exceed estimates at the end of the fiscal year, with one month remaining to be reported."

On an accrual basis, June is the eleventh month in the 2017-2018 fiscal year.

General fund revenues were more than the budgeted estimates in the amount of \$31.7 million, while the four other funds that share in state tax revenues were \$0.4 million less than the estimates.

Sales tax revenues were \$8.8 million more than the estimate for June and they were 5.21 percent more than June 2017. June sales tax revenues reflect retail business activity that occurred in May. For eleven months, revenues are \$76.3 million higher than estimated. The year-to-date growth rate for eleven months was 4.33 percent.

Franchise and excise tax revenues combined were \$11.4 million higher than the budgeted estimate in June, but the growth rate compared to June 2017 was negative 8.51 percent. For eleven months, revenues are \$182.6 million more than the estimate and the year-to-date growth rate is negative 2.29 percent. However, adjusting for the one-time payments received last fiscal year and this fiscal year produces a positive underlying recurring year-to-date growth rate of 3.06 percent.

Gasoline and motor fuel revenues for June increased by 29.39 percent compared to June 2017, and they were \$2.4 million more than the budgeted estimate of \$96.7 million. For eleven months, revenues have exceeded estimates by \$9.5 million.

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Motor vehicle registration revenues \$2.8 million less than the June estimate, and on a year-to-date basis, revenues are \$19.0 million more than the estimate.

Tobacco tax revenues were \$0.3 million more than the June budgeted estimate of \$22.1 million. For eleven months, they are \$8.3 million less than the budgeted estimate.

Inheritance and estate tax revenues were slightly less than the June estimate. On a year-to-date basis revenues for eleven months are \$3.1 million less than the budgeted estimate.

Hall income tax revenues for June were \$0.1 million less than the budgeted estimate. For eleven months, revenues are \$28.9 million more than the budgeted estimate.

Privilege tax revenues were \$5.8 million more than the June estimate, and on a year-to-date basis, August through June, revenues are \$27.2 million more than the estimate.

Business tax revenues were \$4.3 million more than the June estimate. For eleven months, revenues are \$19.3 million more than the budgeted estimate.

All other tax revenues exceeded estimates by a net of \$1.2 million.

Year-to-date revenues for eleven months were \$352.5 million more than the budgeted estimate. The general fund recorded \$308.1 million more than budgeted estimates and the four other funds \$44.4 million.

The budgeted revenue estimates for 2017-2018 are based on the State Funding Board's consensus recommendation of November 29, 2016 and adopted by the first session of the 110th General Assembly in June 2017. Also incorporated in the estimates are any changes in revenue enacted during the 2017 session of the General Assembly. These estimates are available on the state's website at <https://www.tn.gov/content/tn/finance/fa/fa-budget-information/fa-budget-rev.html>.

On November 20, 2017 the Funding Board met to hear updated revenue projections from the state's various economists. On November 27, 2017 the board adopted revised recurring revenue growth ranges for the 2017-2018 fiscal year. The current fiscal year's revised ranges recognize growth in total taxes from a low of 2.43 percent to a high of 2.67 percent, and a general fund growth from a low of 1.16 percent to a high of 1.40 percent.

On April 19, 2018 in the second session of the 110th General Assembly, the legislature passed the 2018-2019 budget, which included the Funding Board's current year revised ranges and also the administration's amendment to the proposed budget. The governor signed the budget bill on June 21, 2018.

With the passage of the appropriations act, Public Chapter 1061, the General Assembly recognized in the current fiscal year an additional \$49.7 million in total revenue and a corresponding increase in general fund revenue in the amount of \$27.8 million.

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Table 1
Revenue Collections by Fund
June
2017-2018

Fund	2018				2017 Actual	2018	
	Actual	Budgeted	B/(W)	Percent		B/(W)	Percent
General Fund	\$1,236,614,000	\$1,204,910,000	\$31,704,000	2.63%	\$1,244,310,000	(\$7,696,000)	-0.62%
Highway Fund	75,822,000	77,766,000	(1,944,000)	-2.50%	63,013,000	12,809,000	20.33%
Sinking Fund	30,655,000	30,568,000	87,000	0.28%	34,326,000	(3,671,000)	-10.69%
City & County Fund	85,948,000	84,455,000	1,493,000	1.77%	72,696,000	13,252,000	18.23%
Earmarked Fund	20,333,000	20,333,000	0	0.00%	3,586,000	16,747,000	467.01%
Total	\$1,449,372,000	\$1,418,032,000	\$31,340,000	2.21%	\$1,417,931,000	\$31,441,000	2.22%

Revenue Collections by Tax
June
2017-2018

Tax Source	2018				2017 Actual	2018	
	Actual	Budgeted	B/(W)	Percent		B/(W)	Percent
Franchise & Excise	\$417,637,000	\$406,212,000	\$11,425,000	2.81%	\$456,474,000	(\$38,837,000)	-8.51%
Income	1,735,000	1,845,000	(110,000)	-5.96%	934,000	801,000	85.76%
Inheritance & Estate	134,000	174,000	(40,000)	-22.99%	499,000	(365,000)	-73.15%
Gasoline	72,328,000	72,067,000	261,000	0.36%	56,029,000	16,299,000	29.09%
Petroleum Special	6,221,000	6,046,000	175,000	2.89%	5,788,000	433,000	7.48%
Tobacco	22,359,000	22,092,000	267,000	1.21%	23,311,000	(952,000)	-4.08%
Beer	1,651,000	1,654,000	(3,000)	-0.18%	1,759,000	(108,000)	-6.14%
Motor Vehicle Registration	23,607,000	26,451,000	(2,844,000)	-10.75%	24,606,000	(999,000)	-4.06%
Motor Vehicle Title	2,276,000	2,110,000	166,000	7.87%	2,159,000	117,000	5.42%
Mixed Drink	11,033,000	10,503,000	530,000	5.05%	9,832,000	1,201,000	12.22%
Business	9,644,000	5,336,000	4,308,000	80.73%	5,879,000	3,765,000	64.04%
Privilege	54,396,000	48,563,000	5,833,000	12.01%	49,648,000	4,748,000	9.56%
Gross Receipts	44,000	(19,000)	63,000	-331.58%	(56,000)	100,000	-178.57%
TVA - In Lieu of Tax Payments	28,084,000	28,164,000	(80,000)	-0.28%	27,827,000	257,000	0.92%
Alcoholic Beverage	6,729,000	6,224,000	505,000	8.11%	5,780,000	949,000	16.42%
Sales and Use	770,578,000	761,749,000	8,829,000	1.16%	732,406,000	38,172,000	5.21%
Motor Vehicle Fuel	20,649,000	18,636,000	2,013,000	10.80%	14,846,000	5,803,000	39.09%
Severance	157,000	98,000	59,000	60.20%	106,000	51,000	48.11%
Coin-operated Amusement	110,000	127,000	(17,000)	-13.39%	104,000	6,000	5.77%
Unauthorized Substance	0	0	0	NA	0	0	NA
Total	\$1,449,372,000	\$1,418,032,000	\$31,340,000	2.21%	\$1,417,931,000	\$31,441,000	2.22%

Table 2
Revenue Collections by Fund
Year-to-Date
August - June
2017-2018

Fund	2017 - 2018				2016-2017	2017-2018	
	Actual	Budgeted	B/(W)	Percent	Actual	B/(W)	Percent
General Fund	\$11,090,807,000	\$10,782,703,000	\$308,104,000	2.86%	\$10,920,604,000	\$170,203,000	1.56%
Highway Fund	837,155,000	812,660,000	24,495,000	3.01%	668,352,000	168,803,000	25.26%
Sinking Fund	334,956,000	334,286,000	670,000	0.20%	375,573,000	(40,617,000)	-10.81%
City & County Fund	1,075,387,000	1,056,168,000	19,219,000	1.82%	961,560,000	113,827,000	11.84%
Earmarked Fund	157,002,000	156,998,000	4,000	0.00%	39,417,000	117,585,000	298.31%
Total	\$13,495,307,000	\$13,142,815,000	\$352,492,000	2.68%	\$12,965,506,000	\$529,801,000	4.09%

Revenue Collections by Tax
Year-to-Date
August - June
2017-2018

Tax Source	2017 - 2018				2016-2017	2017-2018	
	Actual	Budgeted	B/(W)	Percent	Actual	B/(W)	Percent
Franchise & Excise	\$2,482,956,000	\$2,300,343,000	\$182,613,000	7.94%	\$2,541,127,000	(\$58,171,000)	-2.29%
Income	245,262,000	216,366,000	28,896,000	13.36%	248,942,000	(3,680,000)	-1.48%
Inheritance & Estate	(194,000)	2,857,000	(3,051,000)	-106.79%	13,801,000	(13,995,000)	-101.41%
Gasoline	739,810,000	733,269,000	6,541,000	0.89%	608,163,000	131,647,000	21.65%
Petroleum Special	63,107,000	62,398,000	709,000	1.14%	62,105,000	1,002,000	1.61%
Tobacco	226,624,000	234,925,000	(8,301,000)	-3.53%	233,954,000	(7,330,000)	-3.13%
Beer	15,889,000	15,971,000	(82,000)	-0.51%	16,297,000	(408,000)	-2.50%
Motor Vehicle Registration	303,029,000	284,035,000	18,994,000	6.69%	252,984,000	50,045,000	19.78%
Motor Vehicle Title	23,097,000	21,799,000	1,298,000	5.95%	21,827,000	1,270,000	5.82%
Mixed Drink	108,079,000	101,541,000	6,538,000	6.44%	95,838,000	12,241,000	12.77%
Business	177,460,000	158,210,000	19,250,000	12.17%	166,976,000	10,484,000	6.28%
Privilege	381,049,000	353,888,000	27,161,000	7.68%	350,463,000	30,586,000	8.73%
Gross Receipts	10,268,000	13,063,000	(2,795,000)	-21.40%	15,555,000	(5,287,000)	-33.99%
TVA - In Lieu of Tax Payments	315,221,000	316,838,000	(1,617,000)	-0.51%	314,355,000	866,000	0.28%
Alcoholic Beverage	62,076,000	64,007,000	(1,931,000)	-3.02%	59,543,000	2,533,000	4.25%
Sales and Use	8,138,944,000	8,062,625,000	76,319,000	0.95%	7,801,084,000	337,860,000	4.33%
Motor Vehicle Fuel	201,488,000	199,272,000	2,216,000	1.11%	161,207,000	40,281,000	24.99%
Severance	943,000	1,205,000	(262,000)	-21.74%	1,142,000	(199,000)	-17.43%
Coin-operated Amusement	199,000	203,000	(4,000)	-1.97%	143,000	56,000	39.16%
Unauthorized Substance	0	0	0	NA	0	0	NA
Total	\$13,495,307,000	\$13,142,815,000	\$352,492,000	2.68%	\$12,965,506,000	\$529,801,000	4.09%